[Mr. K. George.]

PRESIDENT: I have to make a statement in regard to the budget.

Under Rule 47 of the Legislative Council Rules, the debate on the budget for 1100, which will be presented by the Financial Secretary, will begin with a general discussion and will be followed by the voting of demands for grants. As you are aware, the date for the presentation of the budget had to be postponed from the 14th Karkatakam, as previously arranged, to this day, and the general discussion of the budget from the 17th and 18th to the 18th and 20th idem. The voting of demands for grants will have to begin on the 21st Karkatakam, and seven days, the maximum period admissible under the Rules, have been allowed for the purpose. The demands will be discussed in the order in which they have been set down in the statement furnished to you. Three days out of the seven may be taken up for the discussion of the demands on Revenue, Education and Public Works, each of these demands not taking more than one day. The remaining demands will have to be dealt with within the remaining four days and not more than half a day can be allowed to any one demand. All motions pending in respect of any demand will lapse at the end of that period; and under Rule 49 (3), every question necessary for the disposal of all outstanding matters in connection with the demands for grants will be put at 5 P. M. on the last day.

During the general discussion stage, not more than 20 minutes will be allowed to each member other than the Financial Secretary. When voting on the demands for grants, every mover and the official member who has the right of reply will be allowed 10 minutes each and the other members 5 minutes each.

Notice of motions for the reduction or omission of grants in a demand has to be given 5 clear days before the day on which that demand comes up for consideration. With a view to secure uniformity and to afford convenience to the members, printed forms have been furnished for sending up motions on the budget, and I trust that this arrangement will serve to obviate the difficulty which was experienced in previous years.

The Financial Secretary will now present the budget.

FINANCIAL STATEMENT.

MR. K. GEORGE (*Financial Secretary to Government*): Sir, I rise to present the Financial Statement of 1100. We are met here under the shadow of a great calamity. Travancore has always been a favoured daughter of nature. At no time in the memory of the present generation has she been seriously afflicted by floods, famines or other ravages of nature. But in the last two weeks, our country has been laid waste by floods of unprecedented magnitude. All our rivers, particularly those to the north of Quilon, have overflowed their banks and

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inundated the tracts through which they flow, spreading desolation and distress to the people who live in their neighbourhood. Full details of the extent of the disaster are not yet available. Owing to the interruption of communications, the information received has been necessarily fragmentary; but from the reports so far received, and from those that have recently appeared in the Press, it would seem that, although there has been no serious loss of life, except in the Devicolam Division, and perhaps also in the Parur taluk, there is reason to fear that very considerable damage has been done to crops, cattle and other property. As the House is aware, the Government have taken prompt and vigorous measures for affording gratuitous relief as far as possible to the distressed population; and it has also been clearly stated by the Dewan in this House last week, that the Government consider it their primary duty to render all the help they can to relieve distress and to facilitate the task of reconstruction. At the same time, it has to be recognised that the situation is so grave that it cannot be fully or adequately met by the single-handed efforts of the Government. A great deal will necessarily depend on the generosity and active co-operation of the general public. It is very gratifying to learn that, all over the affected tracts, public-spirited citizens have organised vigorous measures of relief, and with the hearty co-operation of the officers of Government have been able to rescue human lives and prevent starvation very effectively. An all-Travancore Relief Committee has, as you know, been started in Trivandrum and is doing vigorous work. Government fervently hope that by these means the acuteness of the disaster will be considerably alleviated.

Sir, when last week a motion was submitted to you for the adjournment of the House on account of the floods, some of the non-official members suggested that the consideration of the budget should be postponed till we became fully cognisant of the effects of the flood. It was stated that a budget prepared on the basis of normal conditions and which did not take into account the new situation created by the floods was not worth the paper on which it was printed.

It is true that the recent widespread disaster must necessarily affect our finances, both directly and indirectly. In the first place, it may entail suspensions as well as remissions of land revenue. It may also involve the distribution of agricultural loans on a much larger scale than before. The disturbance to trade and production will also affect our receipts under all the other main heads of revenue—particularly Excise, Customs and Forests. Secondly, we shall have also to incur much direct expenditure for the repair of the damages caused by the floods. In these circumstances, a budget prepared without taking these new factors into account must necessarily be defective, and its revision to suit the altered conditions would of course have been eminently desirable. But, unfortunately, we are not in a position to postpone the consideration of the budget. Under the Legislative Council Regulation, the budget has to be presented to the House and passed by it before the commencement

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of the next year and we have only two weeks before us. Besides, notwithstanding the flood, the ordinary administration of the Government has to be carried on, and for this, the necessary funds have to be voted by the Council. On the other hand, the preparation of a new budget on the basis of the new conditions, of which we are at present largely ignorant, within the short time at our disposal, is absolutely impossible; and even if such an attempt were to be made, the results would be anything but reliable. Presumably, the object of the members in making this proposal was not so much that a correct forecast of the income and expenditure of the next year should be placed before them as that adequate provision should be made in the budget for relief of distress and for the repairs to public works damaged by the floods. Government are in full sympathy with this object, and they have, therefore, made the following additional provisions for the purpose in the preliminary budget already issued:—

1. The grant to the P. W. D. for works has been raised by Rs. 3 lakhs. This amount will, it is believed, be adequate for the restoration of damaged communications, bridges and irrigation and drainage works, and at the same time for providing employment for labourers thrown out of work temporarily. If, in the course of the year, more funds are found to be necessary for this purpose, Government will go to the House with proposals for allotment of additional funds. It will of course be necessary to entertain additional establishments to spend the additional sums now provided or hereafter to be provided as the existing P. W. D. establishment cannot cope with the additional work.

2. The provision under Debt Head—Agricultural Loans, has been raised from Rs. 1,50,000 to Rs. 5,50,000. The additional provision of Rs. 4 lakhs now made is for advancing loans for the rehabilitation of the agricultural population in the affected tracts. Here again a special agency may have to be created to avoid delay.

As for gratuitous relief, from information received so far, it is gathered that the need for such relief will cease by the end of the current year and that the sum of Rs. 43,000 placed by Government already at the disposal of the revenue officers and the Municipal Presidents would be sufficient.

In view of the additional unforeseen financial commitments of Government, a few of the new items of expenditure referred to in para 6 of the Account Officer's Memorandum which could stand postponement have been omitted from the budget, resulting in an aggregate reduction of Rs. 35,275 in expenditure.

The items omitted are:—

(i) Opening of a special survey class at Trivandrum Rs. 6,000.

(ii) Provision for revising the Land Revenue Manual. Rs. 4,025.

(iii) Provision for developing the resources of the Central Prison. Rs. 5,150

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(iv) Deputation of a Veterinary Inspector to the Veterinary College at Lahore for post-graduate study Rs. 1,500.

(v) Deputation of a Fishery Inspector to Japan Rs. 2,900.

(vi) Additional provision for the purchase of apparatus for the Bacteriological Laboratory Rs. 12,000.

(vii) Provision for the opening of an Anchal line from Kotamangalam to Munnar Rs. 3,700.

The demand for grants under the various heads, when made, will exclude these items. As regards the last, however, *viz.*, the opening of an Anchal line from Kotamangalam to Munnar, although the specific provision is omitted, it is not proposed to give up the opening of the line itself. It will be opened, but the necessary funds will be found by abolishing the existing through line from Kumili to Santanpara for which there is provision in the budget.

Now, to proceed to the consideration of the estimates themselves, our forecasts of revenue and expenditure for the current and the next year, according to the preliminary issue of the budget, were as follows :—

	Revised Estimate. 1099.	*Budget Estimate.* 1100.
Revenue	200·52	198·19
Expenditure	197·03	196·33
Surplus	3·49	1·86

These forecasts were made on the basis of the actual receipts and expenditure of the first nine months of the current year, and as revenue and expenditure were progressing normally, there is every reason to believe that they would have been fully justified, but for the unhappy events which have recently intervened. Now, with the modifications I have enumerated above, the revised estimate of the current year and the budget estimate of the ensuing year will work out as follows :—

	Revised Estimate. 1099.	*Budget Estimate.* 1100.
Revenue	200·52	198·19
Expenditure	197·03	198·98
Surplus + or Deficit − ...	+ 3·49	— ·79

In submitting these estimates to the House, I am aware—and I have already admitted—that they are in a great measure uncertain. Although the revised estimates anticipate a revenue of Rs. 200·52 lakhs, it is unlikely that this amount will be realised; but in the absence of definite data, I have not ventured to make any alterations in the estimate. Expenditure also will be somewhat higher, owing to the additional amounts sanctioned for relief measures. Consequently, this year will probably end in a deficit instead of the substantial surplus which we had anticipated. The estimates of revenue being

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thus somewhat uncertain, I do not propose to examine them in detail. I have, however, to refer to one or two matters of special interest. As we had anticipated, salt duty was brought down by the Government of India to the old rate of Br. Re. 1-4-0 per maund, but this has not affected our receipts under that head, as we had estimated at the higher rate of duty only for the first six and a half months of the current year. Our receipts under Railways are somewhat gratifying. In the budget estimate of the current year, we had provided a sum of Rs. 1 lakh as the amount which we would probably have to pay to the South Indian Railway on account of the loss in the working of the railway; but instead of a loss we are going to receive a sum of nearly Rs. ½ lakh as our share of the net surplus of the year. From the statement of account for the year ended 31st March, 1924, received from the Chief Auditor, South Indian Railway Company, it is seen that, while the gross receipts of the entire Travancore Railway including the British Section for the year remained practically stationary, there was an appreciable reduction in working expenses and interest charges. The saving under the latter was due to the fact that the interest charges came down owing to the renewal of the debentures at a lower rate of interest. The bulk of these debentures now bears interest only at 4 per cent. per annum as against 6 per cent. previously.

Coming to the expenditure of the current year, we are on surer ground as no expenditure can be incurred without specific provision of funds. We budgeted for a total expenditure of Rs. 198·60 lakhs; but according to the revised estimate, we expect to spend only Rs. 197·03 lakhs. This estimate is not likely to be very materially altered. We had provided a sum of Rs. 2,69,200 for leave allowances in the budget of the current year. It is seen that practically the entire amount will lapse. On the other hand, we have given additional grants to the extent of Rs. 2,06,200 under non-votable and Rs. 2,52,100 under votable heads. Under Forests, the actual expenditure is expected to be about Rs. ¾ lakh less than the Budget, the saving being mainly under Conservancy and Works due to less sales of timber and the consequent smaller amount of *kolevila* paid. A sum of Rs. 1 lakh was, as usual, provided for His Highness the Maha Raja's tours outside the State. The whole of this provision will be saved. Under Education, the expenditure will be nearly Rs. 1 lakh below the original estimate. The bulk of this is under leave allowances. Under Devaswoms, an expenditure of Rs. 7·61 lakhs was provided for over and above the usual contribution of Rs. 16 lakhs to the Devaswom Fund; but the actual expenditure is expected to be Rs. ·66 lakh more, owing to the fact that the expenditure on account of the Murajapam ceremony is expected to amount to Rs. 4·30 lakhs as against the budget provision of Rs. 3·70 lakhs. The expenditure on Public Works will be about Rs. 1·18 lakhs in excess of the budget. This is due to the grant of additional funds for means of communication in the northern taluks of the State, for the construction of the Palace at Delhi and for the survey of a Railway line from Trivandrum to Nagercoil.

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The budget estimate of 1100 is prepared for a revenue of Rs. 198·19 lakhs and an expenditure of Rs. 198·98 lakhs, leaving a deficit of Rs. ·79 lakh. Here also, as the Council will no doubt tell me, the actual revenue may fall short of expectations. But as we are really groping in the dark regarding the effects of the flood on our revenue next year, I have not attempted a revision of the estimates already prepared. Suffice it to say that, in all probability, the expected revenue may not be fully realized, while the expenditure we may have to incur may also be larger than we have provided for, with the result that the deficit of the year may be much larger than we now contemplate. The uncertainty of our revenues next year renders it unnecessary to give any explanation of the details of the estimates; but I would refer to the estimates under two major heads, *viz.*, Excise and Railways. Our estimate under the former is Rs. ·88 lakh in excess of the revised estimate for the current year. This is due to the introduction of the independent shop system in the taluks of Vaikam, Shertallai, Kunnatnad and Parur, from the beginning of the next year, in place of the farming system which now prevails in those taluks. Under Railways, we are estimating a net income of Rs. 1 lakh. Although the net surplus from this source this year is less than Rs. ½ lakh, it has to be mentioned that, while the first half-year of 1923-24 ended in a deficit of Rs. ·93 lakh, there was a net gain of Rs. 1·33 lakhs in the second half-year. If this improvement is maintained, our share of the net surplus next year ought to amount to over Rs. 2½ lakhs. But I have put down only a receipt of Rs. 1 lakh under this head.

Turning next to expenditure, I should at the outset mention that we are not making any provision for leave allowances next year. In the budget estimate of the current year, we included a provision for leave allowances at the rate of 5 per cent. of salaries in ordinary departments and 2½ per cent. in departments which enjoy periodical vacations. As I stated in my budget speech last year, this was a tentative arrangement. I then promised to re-examine the question after a year and make any changes that experience might suggest. It is now found on examination that the actual expenditure on salaries in most of the departments under the non-votable and votable heads will be below the provision made exclusive of leave allowances. Small excesses are found in a few departments, and in one department, *viz.*, the Anchal, the expenditure is expected to be in excess of the 5 per cent. addition provided. Thus there is really no advantage in making any specific provision for this purpose. So long as the expenditure in most departments is within the allotted grant and so long also as no uniform rate can be provided for all the departments, there can be no objection in omitting the provision altogether. But it may happen that the actual expenditure in some departments may be in excess of the grants voted by the Council. No excess under variable charges can take place unless supplementary grants are allowed; but the excess over the total demand sanctioned may happen to be due to excess expenditure under Salaries and Establishment on account of leave allowances paid. These are, however,

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inevitable charges payable under the rules of the Travancore Service Regulations and the excesses may also come to light only after the year is over. In such cases, the best course appears to be to point out the excesses in the annual Appropriation Report which is being furnished to the members of the Council.

For next year, we are budgeting for an expenditure of Rs. 198·98 lakhs or Rs. 1·95 lakhs in excess of the revised estimate of the current year. The real increase, however, is Rs. 6·25 lakhs if we take into consideration the extraordinary expenditure of Rs. 4·30 lakhs incurred in the current year on account of the Murajapam. The estimate, besides making full provision for the normal requirements of departments and Rs. 3 lakhs for special expenditure in connection with the floods, includes a sum of Rs. 1,02,700 on account of various departmental schemes proposed to be introduced in the next year. The number of such new items originally provided was 69; but as I have stated earlier in my speech, a few of them which are not of an urgent character have been omitted. There is, however, one scheme for which the Government would have liked to make some provision in the next year's budget. I refer to the scheme of water-supply to the town of Trivandrum. The full scheme as submitted by the late Assistant Engineer Mr. Bannerjea was estimated to cost nearly Rs. 55 lakhs. A modified scheme with a more restricted scope has now been submitted by the Chief Engineer, the cost of which will be only about Rs. 13½ lakhs. The scheme has not yet been examined by the Government and so no provision is made for it in the budget. But the Government hope to consider and pass final orders on the subject early next year; and if it is decided to proceed with the scheme, the necessary funds will be asked to be voted at a future session of the Council.

I shall now briefly deal with the items in the budget estimate which call for special comment. Under Forests, a sum of Rs. ·60 lakh is provided in excess of the revised estimate. This is intended to be spent on conservancy and works in order to realise the budgeted revenue. The additional expenditure will be all the more necessary as it is likely that we may have to replenish our stock in the depôts, a portion of which may have been washed away by the floods. The expenditure on Education is expected to be Rs. 2½ lakhs in excess of the current year's expenditure. This brings up our educational expenditure to Rs. 39 lakhs, which is about 20 per cent. of our entire annual income. The increased expenditure of Rs. 2½ lakhs is chiefly due to the following causes :—

(*a*) Nearly Rs. ½ lakh is on account of the bifurcation of His Highness the Maha Raja's College into two colleges, one for Science and the other for Arts. The Council is aware of the circumstances which necessitated this step, and they were clearly set forth in the Government Order issued on the subject.

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(*b*) Increase of about Rs. 1·26 lakhs is provided under English and Vernacular School Education, chiefly on account of the appointment of additional teachers consequent on the increase in the number of classes and divisions of classes.

(*c*) Under grants-in-aid, there is an excess of nearly Rs. ½ lakh. It may be pointed out that, out of the total allotment of Rs. 8·07 lakhs under grants, Rs. ·45 lakh is for compensating private school managers for the fee concessions which may be allowed by them to the depressed and educationally backward classes.

Devaswom expenditure next year is expected to be Rs. 4·74 lakhs less than the revised estimate owing chiefly to the absence of the Murajapam. The provision under P. W. D. is Rs. 2·66 lakhs in excess of the revised estimate of the current year The reason for the excess has been already explained by me. I would, however, like to mention one point, *viz.*, that from next year the expenditure on military works and that for the construction of Anchal buildings will not be included in the P. W. D budget, but will be provided under the heads "Army" and "Anchal—Capital account" respectively. I mention this as the fact has to be borne in mind in comparing the allotments from 1100 onwards with those of previous years. The increase of Rs. ·94 lakh under Army is mainly due to a difference in accounting, it being proposed to include in the military budget, in future, the expenditure on military works as well as military pensions. The apparent saving of Rs. ·53 lakh under superannuation allowances and pensions is due to the reason just stated. The budget estimate under Miscellaneous is Rs. ·90 lakh less than the current year's anticipated expenditure. This is chiefly on account of the fact that our expenditure next year on the British Empire Exhibition is expected to be only Rs. 10,000 as against Rs. 90,000 in the current year.

Now, Sir, I shall bring my remarks to a close. It is possible, as I have already indicated, that the current and the next year may be deficit years; but I would ask the members not to be alarmed about it as the deficits will be only temporary and due to abnormal causes. When our normal financial position, now obscured by the catastrophic floods, is restored, I am sure that it will not be found to be wanting in either soundness or stability. I would also assure the Council that our present resources in cash, short-dated bank deposits and investments in Government securities are quite adequate to meet our present requirements.

I am sorry that, owing to unavoidable causes, it has not been possible to supply printed copies of my speech now. I think I shall be able to issue it in the coure of the day.

LEGISLATION.

The Chitties Regulation Amendment Bill.

PRESIDENT: We will proceed to the consideration of the Chitties Regulation Amendment Bill.

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